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following the date of the decision of the Reparations Commission or of the Allied Governments, as the case might be.

When the project and program mentioned above shall have been received by the Reparation Commission, they shall be transmitted immediately by the commission to the Allied Governments, which shall thus be in a position either to consider the question themselves or else to return it to the Reparation Commission for solution.

FINANCIAL AGREEMENT BETWEEN BELGIUM, FRANCE, GREAT BRITAIN, ITALY
AND JAPAN, TOGETHER WITH A COVERING NOTE BY THE FINANCE
MINISTERS¹

Signed at Paris, March 11, 1922

Meeting of Allied Finance Ministers in Paris in March, 1922

I. COVERING NOTE BY FINANCE MINISTERS

In the agreement, of which the text is attached, the Finance Ministers have undertaken a settlement of the questions which were outstanding and arrived at a complete understanding on the various questions raised in dealing with distribution of the German payments.

In the course of their discussions the Finance Ministers have given attention to the general question of reparation. They have reached the conclusion that in accordance with the Treaty of Versailles and the declarations of the governments, generally speaking this question belongs exclusively to the province of the Reparation Commission, but they were unanimous in recognizing that it would be essential in the interests of the governments that they should impress upon their delegates on the Reparation Commission the necessity of arriving as soon as possible at concrete solutions. Such solutions should aim at securing the payment of reparation, both by restoring order to German finance under effective supervision and by enabling Germany to pay off part of the capital of her debt by the issue of foreign loans to be secured on the produce of her customs or such other of the resources of the German Empire as the Reparation Commission might judge suitable.

The Ministers further discussed the problems arising out of the war debts due by the European Allies to each other.

(Signed) G. THEUNIS.
CH. DE LASTEYRIE.
R. S. HORNE.
C. PEANO.

II. AGREEMENT

The Governments of Belgium, France, Great Britain, Italy and Japan, respectively represented by the undersigned, have agreed as follows:

¹ British Parliamentary Papers, 1922, (Cmd. 1616).

ARTICLE 1

1. The payments to be made by Germany on account of the costs of the armies of occupation of Belgium, Great Britain and France, exclusive of the cost under Articles 8 to 12 of the arrangement of the 28th June, 1919,² shall as from the 1st May, 1922, be fixed at the following annual amounts:—

Belgian francs	102,000,000
Pounds sterling	2,000,000
French francs	460,000,000

2. The above figures are fixed on the basis of the following effective strengths:

Belgian Army	19,300
British Army	15,000
French Army	90,400

They have been calculated on the basis of a total amount of 220,000,000 gold marks. Out of this amount a sum of 10,950,000 gold marks has in the first place been allocated in respect of the British Army, representing a special allowance of 2 gold marks per man per day, to cover its higher cost. The remainder, or 209,050,000 gold marks, has been divided in proportion to the number of effectives in question. The conversion of the sums in gold marks so arrived at into national currencies has been made at the mean rates of exchange for December, 1921.

3. The sums definitely fixed above as the amounts to be paid by Germany for the year commencing on the 1st May, 1922, may before the 1st May in any subsequent year be revised for the year commencing on that date in accordance with the following principles:

- (1) The total of these sums shall be increased if the total effective strength of the three armies is increased in consequence of and by a number equal to the reduction of the American Army; the increase shall be proportional to the increase of effectives regard being had, in so far as it may be necessary, to the special allowance of 2 gold marks per man per day for the British Army.
- (2) The total of these sums shall be diminished if the total strength of the three armies is reduced. The diminution shall be proportional to the reduction in strength, regard being had, in so far as it may be necessary, to the special allowance of 2 gold marks per man per day for the British Army. If the British strength is reduced without affecting the total strength, the total shall be reduced by an amount equal to so much of the whole sum produced by the special allowance of 2 gold marks per man per day for the British Army as corresponds to the number of effectives by which that army is reduced.

² Printed in SUPPLEMENT to this JOURNAL, October, 1919 (Vol. 13) p. 404.

But no reduction shall be made so long as the cost of the three armies, calculated on the basis of the French cost per head, with the special allowance of 2 gold marks per man per day in the case of the British Army, is not less than the total of the sums set out in paragraph 1.

- (3) If the cost in any one year of the three armies together, calculated on the basis of the French cost per head, with a supplement of 2 gold marks per man per day in the case of the British Army, is less than the total amount fixed for that year, the difference shall accrue to the benefit of Germany in the shape of a reduction of the amount payable for the following year.

4. Germany will, subject to the provisions of Article 2 below, pay the sums fixed under paragraph 1 of this article to the Belgian, British and French Governments respectively in twelve monthly instalments. The Belgian, British and French Governments will, at the end of each year commencing on the 1st May make the adjustments necessary to ensure that the sum finally allocated to each of them for that year shall correspond to the average effective strength maintained by each of them during the year.

5. The governments concerned will each year, and in the first instance for the year commencing the 1st May, 1922, decide upon the total of the sums in paper marks required to cover the cost of the services to be furnished by Germany under Articles 8-12 of the arrangement of Versailles of the 28th June, 1919, and upon the method by which this total sum shall be divided among the three armies.

6. In the event of special military measures of a precautionary or coercive character being decided upon by the Allied Powers the resulting expenses shall be claimed from Germany by the application of Article 249 of the Treaty of Versailles in addition to the amounts above mentioned.

ARTICLE 2

The governments represented by the undersigned confirm the mandate which they have given to the Reparation Commission to recover the costs of the armies of occupation, and to draw up a separate account of such costs. They further request the Reparation Commission to take into consideration the obligations incumbent upon Germany, both under the schedule of payments and under Article 249 of the Treaty of Versailles when, in reply to the German note of 28th January, 1922, the commission determines the total payments to be made by Germany during the year 1922 in cash and in kind.

The governments further request the commission to debit each of the Powers concerned on army of occupation account for the period from 1st May, 1921, to 31st December, 1922, with the value of the deliveries in kind received by it during the same period up to the amount due on that account, including therein the proceeds of the German Reparation (Recovery) Act ³

³ Printed herein, page 210.

and of all similar legislation passed in accordance with the decision of the Allied Governments on 3rd March, 1921.⁴

ARTICLE 3

Of the total amount of deliveries in kind which Germany will be called upon by the Reparation Commission to make to the Allied Powers during 1922, 65 per cent. will be allotted to France and 35 per cent. allotted to the other Allied Powers.

For the purposes of this distribution the proceeds of the British Reparation (Recovery) Act, and of any similar legislation passed by other Allied Powers in pursuance of the decision of the Allied Governments of the 3rd March, 1921, will be treated as a delivery in kind.

The 35 per cent. share of the deliveries in kind to be made by Germany during 1922 will, after deducting the share of Great Britain (*viz.*, 24 per cent. of the amount to be allotted to Powers other than France), be divided between the other Powers concerned in the proportions fixed by the Spa agreement,⁵ subject to any adjustments which may be required if one or more of the Powers concerned takes less than the amount of deliveries in kind to which it is entitled.

Out of the above-mentioned proportion of 35 per cent. there shall be allotted to Italy a sum of 240 million gold marks made up of the amounts of which the other Allies cannot take advantage.

The governments concerned will prohibit the re-export of deliveries in kind received under the provisions of this article.

ARTICLE 4

The governments represented by the undersigned consent to the operation for a period of three years of those provisions of the Wiesbaden agreement of the 6th October, 1921,⁶ to which their agreement was deemed to be necessary by the Reparation Commission,⁷ and in particular of the provisions respecting the passing of a credit to Germany and a debit against France for the value of deliveries in kind effected in execution of the agreement, subject to the following conditions:

- (1) The amounts of the deferred debits shall not exceed—

350	million	gold	marks	in	1922,
750	"	"	"	"	1923,
750	"	"	"	"	1924;

- (2) the amount standing deferred at the end of 1924 shall be liquidated by France, with interest as provided for in the agreement, in ten equal annual instalments beginning on the 1st May, 1926, by set-off against sums due to France in each year out of reparation

⁴ Printed herein, page 209.

⁵ Printed herein, page 197.

⁶ Printed herein, page 220.

⁷ See decision of Commission, Oct. 20, 1921, *supra*, p. 227.

receipts, and unless the operation of the agreement is continued for a longer period by agreement among the Allies, France shall, in no year subsequent to 1926, receive, whether in cash or deliveries, sums which, when added to the said instalments, would result in France receiving in that year more than her proportionate share, as determined by inter-Allied agreements, of the total payments by Germany in that year, including the instalments due by France.

ARTICLE 5

The governments signatory to this agreement consent to the putting into operation, subject to the approval of the Reparation Commission, of agreements for deliveries in kind similar to the Wiesbaden Agreement of 6th October, 1921, which may be concluded by any Power participating in reparation, provided that the value of the deliveries in kind effected in virtue of Annexes II to VI to Part VIII of the Treaty of Versailles and under such agreements to be received by Powers other than France (including the proceeds of the British Reparation Recovery Act and of any similar legislation passed by other Allied Powers in pursuance of the decision of the Allied Governments of the 3rd March, 1921) shall not exceed in 1922 35 per cent. of the total amount of deliveries in kind which Germany will be called upon by the Reparation Commission to place in 1922 at the disposal of the Allied Powers.

ARTICLE 6

Each of the Powers having a credit due to it on account of reparation shall retain for its own use, up to the limit of the share allocated to that Power, without any obligation to make payments in cash in respect thereof at any time, the value of any deliveries in kind received up to the 31st December, 1922, including the proceeds of the British Reparation (Recovery) Act and of any similar legislation passed by the other Allied Powers in pursuance of the decision of the Allied Governments of the 3rd March, 1921.

But subject to the provisions of paragraphs 4 and 5 above, and of any inter-Allied agreement already entered into, the receipts of any Allied Power in respect of reparation in the period to 31st December, 1922, together with interest thereon at the rate of 5 per cent. per annum as from the 1st January, 1923, shall be taken into account in determining the proportions of reparation receipts due to each Power in 1923 and subsequent years.

ARTICLE 7

The governments signatory to this agreement take note of the agreement reached on the 7th October, 1921, between France and Germany in regard to the price of coal delivered or to be delivered by Germany to France under Annex V to Part VIII of the Treaty of Versailles, and agree that Germany

shall be credited and France debited in respect of such coal in accordance with the provisions of paragraph 6 (a) of the above-mentioned annex.

The governments signatory to this agreement will support the efforts of Italy to obtain the benefit of the same conditions and in any case Italy will be debited in the account drawn up under Article 235 in respect of the coal received by Italy before the 1st May, 1921, in accordance with the provisions of paragraph 6 (a) of the above-mentioned annex, any difference between the debit thus fixed and the credit to be given to Germany being adjusted if necessary in accordance with the provisions of Article 12 of this agreement.

ARTICLE 8

Out of the total amount of the cash payments made by Germany in 1921, under Article 5 of the schedule of payments, the following payments shall be made in accordance with the provisions of Article 251 of the Treaty of Versailles and the inter-Allied agreement of 16th June, 1919, in regard to Belgian priority:

- (a) 500 million gold marks shall be allocated to Great Britain to be applied towards payment of the cost of the British army of occupation before the 1st May, 1921;
- (b) 140 million gold marks shall be allocated to France to be applied towards payment of the cost of the French army of occupation before the 1st May, 1921.

The remainder of the above-mentioned cash payments, as well as cash payments made after 1921, will be allocated to Belgium on account of her priority until such priority is satisfied, with the exception of the sum of 172 million Italian lire at present deposited with the Bank of Italy, which shall be allocated to Italy on reparation account.

Any balance remaining due to Great Britain and France as on 1st May, 1921, will be repaid as from the date of the present agreement and until the balance is liquidated by equal instalments drawn from the following sources:

- (a) Cash receipts accruing to the Reparation Commission after 1st May, 1921, other than the annuities laid down by the schedule of payments;
- (b) After the satisfaction of the Belgian priority, the first cash receipts accruing to the Reparation Commission whether in respect of the annuities laid down in the schedule of payments or otherwise.

No interest shall be credited or debited in respect of the adjustments under this article.

ARTICLE 9

In respect of the value of the Saar Mines the sum of 300,000,000 gold marks shall be debited to France in distribution account in the same way as a delivery in kind made in 1922, and the provisions of Article 6 of this agree-

ment shall apply to this debit. Should the value of the Saar Mines as assessed by the Reparation Commission prove to be higher than 300,000,000 gold marks, the excess will be liquidated by the distribution among the Powers participating in reparation of "C" bonds to the value of such excess taken from France's share in the total series of "C" bonds.

ARTICLE 10

The United States, Great Britain and France will receive on account of the special credit provided for in the last paragraph of Article 232 of the Treaty of Versailles a block of bonds of nominal value equal to the amount of this credit as determined by the Reparation Commission. This block of bonds will be drawn from the general total of the bonds delivered by Germany under the provisions of the schedule of payments. The amounts of the bonds of Series "A", "B" and "C" respectively in this block will be determined in accordance with the proportion which each of these series bears to the sum of the three series.

This clause in so far as it relates to the United States of America is subject to the consent of the Government of the United States of America.

ARTICLE 11

The Reparation Commission will fix the reparation debt of Austria and Hungary in accordance with Article 179 of the Treaty of St. Germain and with Article 163 of the Treaty of Trianon.

Whatever total may be fixed by the Reparation Commission, the amount to be divided among the Powers participating in reparation shall be not less than the total of the value of the properties transferred by Austria and Hungary under the Treaties of St. Germain and Trianon plus 6 milliards of gold marks and the Bulgarian debt fixed by Article 121 of the Treaty of Neuilly.

As soon as the bonds of Series "C" have been created, from the total amount shall be taken bonds to a nominal value equal to the total debt arrived at above and distributed among the Powers participating in reparation in proportion to the percentages fixed by Article 2 of the financial arrangement of Spa.

If at the time when the bonds of Series "C" are created the Reparation Commission has not taken the decision provided for in the first paragraph of this article, it shall nevertheless distribute (in proportion to the percentages fixed by Article 2 of the financial arrangement of Spa) a block of "C" bonds drawn from the total series for a total nominal amount of six milliards of gold marks plus the amount of the Bulgarian debt.

The Powers receiving payments in cash or in kind from Austria, Hungary and Bulgaria shall return to the Reparation Commission for cancellation Series "C" bonds of the nominal value of these payments.

The method of payment for State properties situated in the territories ceded by Austria and Hungary and for the contribution to the liberation

expenses provided for under the agreement of the 10th September as modified by the agreement of the 8th December, 1919⁸, shall be determined in accordance with the principles set out in the annex.

The Powers concerned which are not parties to the present agreement shall have the opportunity to adhere to the provisions of the annex provided for by this article.

ARTICLE 12

With a view to adjusting any difference which may arise between the amounts credited to Germany and the amounts debited to an Allied Power as a result of any inter-Allied agreement in respect of deliveries in kind, brought to account under Article 235, the distribution of Series "C" bonds will be effected in the following manner.

It will be assumed that the number of bonds available for distribution is the number arrived at after crediting Germany with the amounts debited to the Allied Powers in accordance with any such inter-Allied agreement.

Each Power will receive out of this assumed amount the share to which it is entitled under the Spa financial agreement less the difference, if any, between the value credited to Germany in respect of deliveries to that Power and the value debited in respect of the same deliveries in accordance with any inter-Allied agreement.

In accordance with the Spa financial arrangement Belgium will not be debited with any sum on account of the ships allotted or transferred to her, and the above provision will not apply to Belgium in respect of such ships.

ARTICLE 13

The present agreement is made subject to any rights of the United States of America.

ARTICLE 14

The Powers signatory to the present agreement will endeavor to secure the early adherence to this agreement of the other Allied and Associated Powers concerned.

For the Government of Belgium:	G. THEUNIS.
For the Government of France:	CH. DE LASTEYRIE.
For the Government of Gt. Britain:	R. S. HORNE.
For the Government of Italy:	C. PEANO.
For the Government of Japan:	(to be signed later).

Paris, 11th March, 1922.

⁸ Printed in SUPPLEMENT to this JOURNAL, October, 1920 (Vol. 14), pp. 344-354.

ANNEX

AUSTRIAN REPARATION

Agreement in Regard to the Protocol of 8th September, 1919

The Governments of Belgium, France, Great Britain, Italy and Japan recognizing that it is desirable, in view of the postponement of their claims for reparation against Austria under the Treaty of St. Germain, that a new provision in the place of the Liberation Bonds should be made for the discharge of the obligation of Italy, the Serb-Croat-Slovene State and Roumania in respect of the expenses of liberating territories of the former Austro-Hungarian Monarchy transferred to them and also for the payment of the value of the property and possessions of that monarchy transferred to them. Have agreed as follows:

1. Bonds of Series "C" to be created and delivered under the schedule of payments notified to Germany under the Treaty of Versailles by the Reparation Commission on the 5th May, 1921,⁹ to an amount equal to the amounts already credited, or which should have been credited, to Austria under the Treaty of St. Germain in respect of property and possessions of the former Austro-Hungarian Monarchy transferred and of deliveries already made by Austria or otherwise, shall be distributed between the Powers entitled to reparation in the percentages in which the aggregate amount received under the head of reparation from Austria is to be divided according to the provisions of Article 2 (a) and (b) of the agreement signed at Spa on the 16th July, 1920, and any agreements supplementary to the agreement.

2. Italy, the Serb-Croat-Slovene State and Roumania shall discharge their respective obligations for the payment of the value of property and possessions of the former Austro-Hungarian Monarchy transferred to them under the Treaty of St. Germain by surrendering to the Reparation Commission for cancellation bonds of the whole Series "C", above mentioned, part of the said bonds to which they respectively will be entitled, to an amount equal in capital value to the capital value of the property and possessions of the Austro-Hungarian Monarchy so transferred to them respectively. From the value of the property and possessions transferred to Italy shall be deducted the total cost of the Italian armies of occupation in Austrian territories.

3. Italy, the Serb-Croat-Slovene State and Roumania respectively shall discharge their obligations arising under the agreements signed at St. Germain on the 10th September, 1919, and modified at Paris on the 8th December, 1919, for the payment of the expenses of liberating territories of the former Austro-Hungarian Monarchy transferred to them, by handing over to the Reparation Commission bonds of the said Series "C" part of the said bonds to which they respectively will be entitled, to an amount equal in capital value to the amount of their respective obligations, less the percent-

⁹ Printed herein, page 215.

ages in which those states respectively share according to the repartition of the said sums established by Art. 2 (a) and (b) of the agreement signed at Spa on the 16th July, 1920.

4. The Reparation Commission shall divide the Series "C" bonds handed over under the last preceding clause among the Powers, other than the Powers by whom the bonds are handed over, entitled to share in reparation payments in the same proportions as the interest of those Powers in bonds to be distributed under clause 1 of this agreement.

5. Nothing in this agreement shall affect the distribution of receipts from Austria, Hungary or Bulgaria on account of reparation or any adjustments to be made of any bonds of the said Series "C" in consequence of such receipts.

If one of the Powers to which territories of Austria and Hungary have been ceded has not available Series "C" bonds in sufficient quantity to carry out the adjustments provided for above the value of the possessions which have been transferred to such Power and its contribution to the costs of liberation shall be discharged, in so far as they cannot be satisfied by the delivery of Series "C" bonds, in accordance with the provisions of the agreement of 10th September, 1919, as modified by the agreement of 8th December, 1919.

6. This agreement cancels all previous arrangements between the high contracting parties whether contained in the said agreements of September and December, 1919, or the agreement of Spa of the 16th July, 1920, or otherwise, in so far as such arrangements may be in conflict with the provisions of this agreement.

The provisions of Articles 2, 3 and 4 of this agreement shall not come into force until Czecho-Slovakia and Poland shall have discharged their respective obligations under the said agreements of September 10th and December 8th, 1919, regard being had in so far as Poland is concerned to Article 10 of the Spa agreement.

DECISION OF THE REPARATION COMMISSION ON THE SUBJECT OF THE PAYMENTS TO BE MADE BY GERMANY IN 1922¹

(1) *The Reparation Commission to the German Government*

Reparation Commission,
Paris, March 21, 1922.

The Reparation Commission has the honor to notify to the German Government the attached decision which it has reached to-day.

(Signed) DUBOIS.
J. BRADBURY.
D'AMELIO.
DELACROIX.

¹ British Parliamentary Papers, 1922 (Cmd. 1634).